

## Senate Bill 150

Committee: Opening Statement

Mr. Chairman, members of the Committee, I bring SB 150 to you today.

It is a small bill. It simply changes the statutory minimum amount for low income programs under the Universal System Benefits (USB) charge from 17% to 50%.

USB was created in 1997 as part of Electricity Deregulation. When that bill was being enacted, there was concern that low income households might need financial assistance if the state made electricity supply a competitive business.

The 2007 Legislature repealed most of the Electricity Deregulation law, but it left the USB program alone. USB has been very helpful to low income households. It provides money for bill assistance and for the weatherization of households to help them conserve energy.

The USB law applies to public utilities like NorthWestern and MDU as well as 26 electric cooperatives in the state.

SB 150 will principally affect the NorthWestern system. MDU spends almost all of its USB funds on low income programs, as do the Coops.

In NorthWestern's case, the USB dollars are divided between six categories of use. Right now, the program generates about \$9.3 million per year. Under current law, low income is guaranteed about \$1.6 million. Under SB 150, that guarantee would increase to about \$4.6 million.

In recent years, the low income portion of USB has increased to between 30% and 35% of total USB funding. In 2013, it got over 40%, but that level of funding depends, in very large degree, to other USB programs having reversions which are then placed in the low income fund.

For poor families, energy costs are a much bigger share of the family's total budget than is the case with wealthier households primarily because poor people live in substandard housing that waste energy.

This bill simply sets a new floor for the low income program in USB. There is plenty of unmet need out there for energy assistance, and this is a step in the right direction.

Finally, this bill is not about Indian Reservations. The Reservations are largely, though not completely, served by Coops. This bill is about helping all poor families, and it certainly will assist some Indian families who live in places like Missoula, Great Falls, Havre, and Billings.

## Senate Bill 150

Senate Energy & Telecomm. Comm.  
Exhibit No. 1  
Date 1/20/2015  
Bill No. SB 150

### Questions / Answers

Question: If this bill is enacted, what happens to the funding for the other programs funded by USB?

Answer: That will be up to the PSC. They will have to do a docket to reallocate the other 50% of the funds.

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Question: Is this bill about cutting funds from alternative energy?

Answer: No. It's about getting more money for low income families. The PSC will determine how much money goes to alternative energy and the other USB programs.

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Question: One of the opponents to the bill suggested that the base year for funding USB programs be changed from 1995 to 2015. Would you support that type of amendment?

Answer: No. That's basically a tax increase, and I think it would hurt the bill's chance of success.

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Question: One of the opponents suggested that the funds collected from large customers that is self-directed for use in their business be changed so that money just comes into the USB program for use by everybody. Would you support that type of amendment?

Answer: No. That type of amendment will do two things. First, it will cut back spending on energy conservation by the biggest users of electricity in Montana. And second, it's going to start a political fire fight with the large customers and will hurt the passage of this bill.

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Question: If I understand this bill correctly, the Coops are exempt from the charge. For them, the low income piece will stay at 17%. Why is that?

Answer: Because requiring the Coops to go to 50% will cause them to increase rates. That's not the case with NorthWestern. Increasing the low income share to 50% simply results in a fund of money being reallocated.

If you need more information, one of the Cooperative representatives would have more information.

#### Annual Electric USB Allocation

Original Allocation per D97.7.90, Order 5986g (a)

	% by Category	\$ by Category
Local Conservation	20%	1,704,748
Market Transformation	13%	1,069,860
Renewables	12%	1,051,686
Research & Development	3%	212,437
Low-Income	21%	1,866,219
Large Customers	31%	2,981,806
	100%	8,886,756

Current Allocation per D2005.6.106, Order 6679e (a)

	% by Category	\$ by Category
Local Conservation	11.37%	1,079,000
Market Transformation	7.26%	689,000
Renewables	13.00%	1,234,000
Research & Development	3.00%	285,000
Low-Income	32.84%	3,117,000
Large Customers	32.52%	3,087,000
	100%	9,491,000

#### Historic Allocation of Electric USB Funds (b)

Year	Total Electric USB Funds		Large Customers		Low Income (c)		Supplemental (d)		Total Low Income		USB Categories						
											Conservation	Market Transformation	Renewables	Research Development	Irrigation		
1999	7,789,477	2,715,626	1,666,669	-	525,000	1,666,669	1,622,585	721,031	654,459	409,117	-	-	-	-	-	-	-
2000	8,631,017	2,942,611	1,287,513	1,294,533	500,000	1,812,513	1,461,945	1,140,529	1,070,900	202,519	-	-	-	-	-	-	-
2001	8,200,995	2,469,907	1,294,533	1,863,220	-	1,794,533	1,660,401	852,251	1,113,545	64,328	-	-	-	-	-	-	-
2002	8,237,435	2,437,538	1,863,220	1,986,700	725,604	1,863,220	1,439,131	950,714	864,334	188,252	-	-	-	-	-	-	-
2003	8,522,939	2,543,165	2,247,698	-	-	2,247,698	1,142,524	1,077,120	916,703	114,849	-	-	-	-	-	-	-
2004	8,886,755	3,046,997	2,387,502	586,394	-	2,973,896	1,573,264	1,094,692	860,226	144,881	-	-	-	-	-	-	-
2005	9,018,197	3,033,322	3,858,505	-	-	3,858,505	1,446,761	836,336	812,829	125,876	-	-	-	-	-	-	-
2006	9,329,518	3,063,311	4,170,445	-	-	4,170,445	1,487,658	26,908	673,328	110,179	-	-	-	-	-	-	-
2007	9,410,198	3,145,276	3,408,329	-	-	3,408,329	1,315,910	77,023	974,290	94,396	-	-	-	-	-	-	-
2008	9,625,630	2,897,568	3,146,326	-	-	3,146,326	1,866,896	136,441	1,362,237	171,054	-	-	-	-	-	-	-
2009	9,361,818	2,740,669	3,139,869	-	-	3,139,869	1,340,555	444,078	1,193,053	337,091	-	-	-	-	-	-	-
2010	9,191,653	2,748,767	3,221,373	-	-	3,221,373	1,406,566	302,922	1,112,906	326,195	-	-	-	-	-	-	-
2011	9,367,205	2,769,720	3,440,408	-	-	3,440,408	1,238,110	243,855	979,534	304,414	-	-	-	-	-	-	-
2012	9,372,359	2,840,538	3,879,499	-	-	3,879,499	22,064,619	8,189,755	14,670,340	3,043,285	-	-	-	-	-	-	-
2013	9,485,951	42,361,008	40,998,568	-	-	43,335,587	-	-	-	-	-	-	-	-	-	-	-
	134,431,147		2,336,999			43,335,587			14,670,340								756,549

Allocation as % of Revenue by Category	100%	32%	32%	16%	6%	11%	2%	1%
Allocation as % of Revenues, excluding Large Customer Revenues	100%	47%	24%	9%	16%	3%	1%	

(a) SB 390 required that utilities collect 2.4% of their 1995 electric revenues to fund approved USB activities, and direct 17% of the total to the low income category. The allocation set forth by MPSC in Order 5986g increased NorthWestern Energy's low-income requirement to 21% of total revenues. While this adjustment did not affect the allocation for Large Customers, it effectively reduced the amount of USB funds available for other USB categories. In December 2008 MPSC issued Order 6679e, which reallocated funds as shown above.

(b) The historic allocation table illustrates the expenditure or direction of electric USB by category from 1999 through 2013.

(c) This column summarizes all funds reallocated to low-income activities by NorthWestern Energy, except those noted in (d). In addition to funds reallocated by NorthWestern Energy, Large Customers have self-directed \$2,330,787 to low-income activities since 1999.

(d) 2003 Supplemental low income funds reallocated based on a recommendation from the Governor's Energy Consumer Protection Taskforce, and MPSC Order 6514. 2005 Supplemental low-income funds reallocated based on a stipulation reached between NWE, District XI HRC, AARP, RNP & NRDC in Docket D2004.6.90, Order 6574c.

## CAMPAIGN FOR HOME ENERGY ASSISTANCE

# MONTANA FACTS

**Number Served:** In 2013, MT LIHEAP provided **20,697 households** with LIHEAP financial assistance.

**Average Award:** Average MT household heating assistance benefit was **\$541** in 2013.

### 2014 Federal Poverty Guidelines, Family of 4:

100%	125%	150%
\$23,850	\$29,813	\$35,775

**Eligibility:** MT families receiving LIHEAP assistance have incomes below 175 percent of the federal poverty level. The majority falls well below the cap.

**Demographic:** MT LIHEAP helps the most vulnerable.

Poverty Level	%Households
Under 75%	34%
75%-100%	28%
101%-150%	38%

Demographic	%Households
Elderly	27%
Disabled	39%
Children under 5	19%

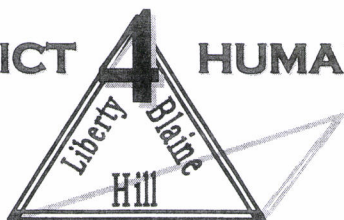
# MONTANA FUNDING

Fiscal Year	Base	Contingency	Total	MT Allocation	Households Served
2015 (President)	\$2.6B*	\$200M	\$2.8B	\$14.3M**	TBD
2014	\$3.4B	\$0M	\$3.4B	\$23.7M	TBD
2013	\$3.3B	\$0M	\$3.3B	\$22.5M	20,697
2012	\$3.47B	\$0M	\$3.47B	\$24.1M	22,683
2011	\$4.51B	\$200M	\$4.71B	\$31.7M	24,165
2010	\$4.5B	\$590M	\$5.1B	\$31.6M	28,054

**Sources:** LIHEAP Report to Congress for FY2008, National Energy Assistance Directors' Association, LIHEAP Clearinghouse; Eligibility and demographics reference 2008 heating assistance data (most recent available)

\*Includes \$50M for energy reduction grants. \*\*Estimated by Administration for Children & Families.

# DISTRICT 4 HUMAN RESOURCES DEVELOPMENT COUNCIL



2229 5<sup>TH</sup> AVENUE HAVRE, MT 59501  
PHONE: (406) 265-6743 EXT 1117 FAX: (406) 265-1312

THE HI-LINE'S COMMUNITY ACTION AGENCY

"PEOPLE HELPING PEOPLE HELP THEMSELVES."

January 19, 2015

Senate Energy & Telecomm. Comm.

Exhibit No. \_\_\_\_\_

Date 1/20/2015

Bill No. SB 150

Montana State Legislature  
Energy & Telecommunications Committee  
Helena, Montana

Re: Senate Bill 150 (Sponsor: Senator Jonathan Windy Boy)

Dear Citizen Legislators,

I am in support of Senate Bill 150. As a caseworker for the low-income households in Blaine, Hill & Liberty counties, each day I assist families with energy assistance through the Low Income Energy Assistance Program (LIEAP) *Lee-App*. The majority of these Montana households have hard-working individuals struggling to make ends meet, at times simultaneously working, attending school and finding time for their family. Many applicants are senior citizens living on fixed income, some surviving on \$721 a month!

The LIEAP program is vital for many homes throughout the state in supplementing heat costs. Additional funding would be beneficial to assist more low income households.

Thank you for your thoughtful deliberation on behalf of the low income families of Montana.

Sincerely,

*Sarah Solomon*

Sarah Solomon  
Energy Specialist

Child Care Link  
Domestic Abuse Program  
Employment and Training  
Housing  
Low-income Energy Assistance Program  
Northern Montana Child Development Center  
Weatherization